

2006
annual report
& accounts

NI-S-e-216



URGENCY THROUGH
**COMPLIANCE, OPERATIONAL
EXCELLENCE AND EXECUTION**



Our Vision

To be the Nigerian energy company most admired for its people, partnership, and performance.

Our Values

Integrity

We are honest, with highest ethical standards. We accept responsibility and hold ourselves accountable.

Trust

We trust, respect and support each other, and we strive to earn the trust of our colleagues and partners.

Diversity

We learn from and respect the cultures in which we work. We value and demonstrate respect for the uniqueness of individuals and the varied perspectives and talents they provide. We have an inclusive work environment and actively embrace a diversity of people, ideas, talents and experiences.

Ingenuity

We seek new opportunities and out-of-the-ordinary solutions. We use our creativity to find unexpected and practical ways to solve problems. Our experience, technology and perseverance enable us to overcome challenges and deliver value.

Partnership

We have an unwavering commitment to being a good partner focused on building productive, collaborative, trusting and beneficial relationships with governments, other companies, our customers, our communities and each other.

Protecting people and the environment

We place the highest priority on the health and safety of our work force and protection of our assets and the environment. We aim to be admired for world-class performance through disciplined application of our Operational Excellence Management System.

High Performance

We are committed to excellence in everything we do, and we strive to continually improve. We are passionate about achieving results that exceed expectations—our own and those of others. We drive for results with energy and a sense of urgency.

Our Mission Statement

Our mission is to consistently provide High Quality Products and Services at competitive prices.

Through the teamwork of a highly motivated workforce. Having the capability to respond fast to changing environment.

Being a good corporate citizen recognized for high ethical standards.



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Chevron Oil Nigeria PLC

notice of annual general meeting

Notice is hereby given that the thirty-eight Annual General meeting of Chevron Oil Nigeria Plc will be held at the CIVIC CENTER, at Ozumba Mbadiwe Street, Victoria Island, Lagos, NIGERIA on Wednesday 27 June, 2007 at 9:00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To lay before members the Report of the Directors and the Audited Accounts together with the Auditor's Report for the year ended 31 December 2006.
2. To declare a dividend.
3. To re-elect Directors under Articles 90/91 and 95 of the company's Article of Association.
4. To fix the remuneration of the Directors.
5. To authorise the Directors to fix the remuneration of the Auditors, PricewaterhouseCoopers.
6. To elect the members of the Audit Committee.

BY THE ORDER OF THE BOARD



U. C. Ifejika (Mrs.)
Company Secretary

Registered Office
8, Macarthy Street, Onikan
Lagos, Nigeria



NOTES: -

1. **PROXY**

A member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. A proxy needs not be a member of the Company. All instruments of proxy should be duly stamped by the commissioner of Stamp Duties and deposited at the Registrar's Office, City Securities Limited, Primrose Towers, 17A Tinubu Street, Lagos, not later than 48 hours before the time for holding the meeting. A corporate body being a member of the Company is required to execute a proxy under seal.

2. **CLOSURE OF REGISTER AND TRANSFER BOOKS**

The Register of members and transfer of books of the Company will be closed from June 5, through June 12, 2007; both dates inclusive to enable the presentation and payment of dividends.

3. **DIVIDEND PAYMENT**

If the recommendation for dividend is approved, the dividend will be posted on Friday June 29th, 2007 to all shareholders whose names appear in the Register of the Company at the close of business on June 12, 2007.

4. **NOMINATION FOR THE AUDIT COMMITTEE**

In accordance with section 359(5) of the Companies and Allied Matters Act, 1990, any member may nominate a shareholder as a member of the Audit Committee, by notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

5. **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**

Several dividend warrants and share certificates remained unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of members with such cases will be circulated with the statements for the year ended 31 December, 2006. Affected members are advised to contact the Company's Registrar or the Company Secretary.



The following Directors served on the Board since the last Annual General Meeting.

Name	Nationality	Designation	Remarks
Mr. W. Klahs	American	<i>Chairman</i>	Appointed Director 24 April 2007 and Chairman effective 15 May 2007
Mr. B. Haregot	American		Resigned as Chairman effective 7 March 2007
Mr. R. R. Halfhuid	Dutch	<i>Managing Director</i>	
Mr. O. T. Adelekan		<i>Executive Director</i>	
Mr. J. Passmore	British	<i>Non-Executive Director</i>	
Chief S. C. Ezendu		<i>Non-Executive Director</i>	
Mr. G. M. Desamours	Canadian	<i>Non-Executive Director</i>	
Mr. C. O. Akpangbo		<i>Non-Executive Director</i>	Deceased
Mr. F. Saeed	Pakistani	<i>Non-Executive Director</i>	
Mr. O. M. Cardoso		<i>Non-Executive Director</i>	
Dr. S. Kewa		<i>Non-Executive Director</i>	Appointed on 7 March 2007

OTHER CORPORATE INFORMATION

Company Secretary
Mrs. U. C. Ifejika

Registered Office
8, Macarthy Street
Lagos, Nigeria

Independent Auditor
PricewaterhouseCoopers
252E Muri Okunola Street
Victoria Island, Lagos.

Registrar
City Securities Limited
Primrose Tower
17A, Tinubu Street, Lagos.



directors



Chief S.C. Ezendu
Director



Mr. Wayne Klahs
Chairman



Mr. Jeremy Passmore
Director



Mr. O.T. Adelekan
Executive Director



Mr. Ruben Halhuid
Managing Director



Mr. G.M. Desamours
Director



Mr. M.O. Cardoso
Director



Dr. S. Kewa
Director



Mr. F. Saced
Director



Mr. Wayne Klahs
Chairman

INTRODUCTION

Distinguished shareholders, my colleagues on the board, gentlemen of the press, special guests, and esteemed ladies and gentlemen, it is with great pleasure that I welcome you to the 38th Annual General Meeting (AGM) of our great company, Chevron Oil Nigeria PLC which incidentally happens to be my first as chairman of the Board of Directors.

In order to save time, I shall first present an abridged version of the chairman's statement through a PowerPoint presentation. Thereafter, I shall present to you for ratification the Directors' Report as well as the Company's Financial Statements for the year ended 31st December, 2006 highlighting key macro-economic and industry fundamentals that shaped the environment within which we operated in 2006. This will be followed by a question and answer session and finally the ratification of proposed resolutions.

THE OPERATING ENVIRONMENT IN 2006

Economic

Nigeria continues to be a large and challenging market for downstream operators. The country remains an important market for many multinationals because of the sheer size of its population (accounts for 20% of the total population of sub-Saharan Africa). At the macro-economic level, however, the country recorded a number of significant positive economic successes. For the first time in close to three decades, Nigeria, through more prudent and accelerated economic programs, fully or partially extricated itself from its serious debt overhang arising from its international creditors. As at the time of writing this statement, Nigeria has completely exited as a debtor country from the two main creditor organizations that accounted for the country's entire external debt burden. This is expected to free up significant funds, hitherto used in debt servicing, to assist in infrastructural and other developments.

Ranked as one of the poorest countries with a per capita income below \$300 at the turn of this century, Nigeria is gradually returning to its ranking of the early eighties as an aspiring middle income country. Provisional government data indicate that real GDP grew by 5.6% in 2006 and per capita income is estimated at US\$810 at market exchange rates. Inflation rates also fell significantly from 17.9% in 2005 to 8.7% in 2006.

Despite strong non-oil sector growth in recent years, petroleum production still accounts for about 25% of the GDP. Nigeria remains highly dependent on oil as its main export and chief source of government revenue. Primary infrastructure is still in a poor condition and the petroleum sector is no different - the environment remains challenging.

Political

The political situation in 2006 was generally tense particularly as the run-up to the 2007 elections gathered momentum. The April 2007 elections have been held and winners declared by the Independent National Electoral Commission (INEC). External observers noted some concern over the handling of the elections, but with such a resounding subsequent result external parties suggest that Nigeria looks set for a period of continued moderate political stability.



Social

Positive steps were initiated or executed to restore health care delivery and quality of education in some university teaching hospitals and government educational institutions respectively to standards comparable to what obtains in developed societies. Although some progress has been attained, there is still a long way ahead. Sustainability and improvement on initiated programs and policies in addition to new initiatives are vital to ensure consistent growth in these areas. The high unemployment situations continue to be a source of concern in the country. It is hoped that the government at various levels will implement measures that will drastically reduce the high level of unemployment and by so doing improve the overall social climate that will make room for new and expanded investments in the country.

THE INDUSTRY

Intermittent supply inadequacies occasioned by low local refining capacity and pipeline rupture continue to bedevil the industry. Rupture of pipelines to scoop fuel notwithstanding the extreme risk has resulted in a high number of casualties. Consequently, the government is taking measures to address the entire pipeline infrastructure and security with a view to stopping this ugly trend and saving lives.

The congestion at Apapa jetty remains a key impediment to easy evacuation of coastal supplies comprising mainly of imported fuel.

Substantial deregulation has been achieved in the industry. However, gasoline price is still pegged at ₦65.00 per litre. Although the federal government licensed a number of organizations and state governments to set up additional refineries more than a year ago, the continuing regulation of the price of gasoline which accounts for a major percentage of fuel volumes might be a key disincentive. The company advocates a fully deregulated market based on its conviction that it will engender additional investment in the sector.

OUR COMPANY

The Company's resolve to delivering appropriate financial results to shareholders without compromising safety, operational excellence and compliance with world class corporate governance standards remains unwavering.

Partnership

In line with Chevron Corporation's vision, your Company continues to be a partner of choice due to its hard built reputation for transparent business conducts and highest ethical standards.

In 2006, for example, the company emerged as the partner of choice from a very competitive bid process, handled by Siemens, for comprehensive lubrication services in one of Federal Government of Nigeria's electricity projects at Geregu, Kogi State.

Our partnership with Nigerian National Petroleum Corporation (NNPC) in the running of their mega retail service stations remains strong. Although NNPC has invited others to operate their sites, your company will continue to distinguish itself through operational excellence encompassing safety, reliability, and highest ethical standards in an attempt to increase this business.

Operational Excellence

Our concept of operational excellence is "to be recognized and admired by industry and the communities in which we operate as world-class in safety, health, environment, reliability and efficiency."



As a practical demonstration of its commitment to highest safety standards and operational excellence, your company imported 20 units of world class Mercedes trucks fitted with aluminum trailers. We signed partnership contract with three Lagos based transporters to run and operate these trucks within Lagos and its environs. The trucks, beautifully branded in Texaco colours, are like mobile bill boards and a sight to behold.

Safety is at the heart of all operations; saving lives is everything to us. Accordingly, we continue to implement programs designed to distinguish the company in this area. **The Global Downstream Transportation Optimization Process (GDTOP)** is geared toward rationalization and optimization of trucks operating in our system to enable us control and reduce high rate of Motor Vehicle Crashes witnessed in the past. Major components of this program are the optimization and upgrading of third party tanker fleet; education/training, and overall improvement of safety standards and efficiency. To further improve safety we have procured 500 units of on-board computers which we are currently installing on the trucks to help monitor/control over speeding and other bad driving habits for necessary corrections. Another positive fall out of our truck modernization program is the potential encouraging impact on the environment in terms of better fuel efficiency and lesser emission of gases contributing to depletion of ozone layer.

Still on safety, the **Arrive Alive initiative** which Chevron Corporation spearheaded and piloted in four countries including Nigeria has made some remarkable progress. The Nigerian initiative is now a fully recognized non-governmental organization with a Board of Trustees. Your company played a pivotal role in bringing about the formation of this initiative in Nigeria. Collectively with our sister company, Chevron Nigeria Limited, Diamond Bank, First Bank, and Zenith Bank we generated a total sum of \$600,000 (about ₦78 million). With this amount, the Nigerian Initiative is fully set to implement pilot road safety actions in Lagos metropolis and possibly, Abuja.

Stamp of Quality on Our Range of Lubricants: On 6th November 2006, Chevron Global Lubricants Supply Chain, Nigeria, was awarded MANCAP Certification by Standards Organization of Nigeria (SON) for our premier lubricants lines viz; Havoline Formula 3 SAE 20W-50 Engine Oil, Havoline Motor Oil SAE 40, Ursa Premium TDX SAE 15W-40 Engine Oil, URSA HEAVY DUTY SAE 40 Engine oil, and Motex Super Premium SAE 50 Engine Oil. This certification followed earlier submission of samples by your company to SON based our confidence of the quality of our lubricant brands.

The significance of this official recognition is that Chevron became the first downstream marketer to achieve this certification for its entire premier brands, AT FIRST assessment, by SON. It marks out the high quality level ensured in production and packaging in compliance with Nigerian Industrial Standards requirements for Vehicle Lubricating Oils. This certification also grants unrestricted approval for incorporating the NIS logo on all packages of the brands so certified.

We are deepening the implementation of other operational excellence and compliance programs mentioned in our last report. These include the **Loss Prevention System (LPS)** and **Sarbanes Oxley (SOX)** assessments.

FINANCIAL RESULTS

Compared with 2005 results, 2006 was a year of modest achievements. Turnover went up by approximately 27%, profit after tax was up by 26%, sales volume was also up 5%, while market share went up by 0.7% to 7.3%.

CAPITAL EXPENDITURE

₦1.033 billion was expended on capital projects in 2006. This represents an increase of roughly 7% on 2005 capital expenditure. Major investment spending was basically to renew and upgrade facilities such as marketing



equipment, distribution facilities, terminal facilities, service stations, and to replace underground tanks to conform to our environmental standards. Selective significant investments were also made in growth markets, particularly aviation facilities and land acquisition for new service station construction all in Abuja.

DIVIDEND DECLARATION

In line with our tradition of delivering maximum total shareholder returns to shareholders, the Board of Directors is recommending for your consideration and approval payment of ₦1,300.42 millions which translates to ₦5.12 per share subject to appropriate withholding tax deductions.

2007 OUTLOOK

2007, much like 2006, continues to bring us new and exciting challenges in Nigeria. We shall continue to operate in a politically, socially, technologically demanding environment with poor infrastructure. As ever, Chevron Oil Nigeria will meet these challenges and continue to build off our solid and unique compliance, safety and financially secure platform that we have created over the past. By leveraging these strengths, we believe that we will continue in our journey to become number one in the hearts and minds of our Nigerian customer.

BOARD CHANGES

Since the last annual general meeting, Mr. Bereket Haregot resigned from the Board as Chairman due to his movement from the Africa-Pakistan to the Latin-American region. Mr. Wayne Klahs was appointed to the Board on 24 April 2007 and replaced Mr. Bereket as Chairman on 15 May 2007. Dr. Samaila Kewa was appointed to the Board as a Non-Executive Director of the Company on 7 March 2007. On a sad note, the Board lost a member - Clement O. Akpangbo (SAN) - on 19th November 2006. We wish his soul peaceful repose.

CONCLUSION

On behalf of my colleagues on the Board of Directors, I recognize and appreciate the dedication and diligence of the Management and Staff for the modest results we achieved in 2006 in a markedly tough market.

Our sincere gratitude goes to you, our esteemed shareholders for your abiding faith with the company. Your contributions at the Annual General Meetings and other fora continue to shape our efforts for a better performance each succeeding year.

Thank you.



The directors submit their report together with the audited financial statements for the year ended 31 December 2006, which disclose the state of affairs of the company.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the company's affairs was satisfactory, and no events have occurred since the balance sheet date, which would materially affect the financial statements as presented.

PRINCIPAL ACTIVITIES

The Company remains principally engaged in the marketing and distribution of refined petroleum products, blending of lubricants, and manufacturing of greases and petroleum jelly.

RESULTS IN BRIEF

The company's results for the year are set out on page 18. Turnover for the year was ₦65.9 billion, approximately 27% more than the figure achieved in 2005. Profit after tax was also up by 25.5% when compared with the corresponding figure for 2005. The profit for the year of ₦1,312,647,000 has been added to retained earnings.

DIVIDEND

At the Board of Directors Meeting held 15 May 2007, the Directors recommended for approval payment of a final dividend of ₦1,300,422,999 (2005: ₦1,041,354,000). This translates to a dividend of ₦5.12 per share, subject to the deduction of withholding tax at the applicable rate. The dividend represents 99.07% of the profit after tax for the year.

DIVIDEND PAYMENT

If the recommended final dividend is approved at the Annual General Meeting, the dividend warrant will be posted on Thursday, 28 June, 2007 to all the shareholders whose names appear in the Register of the members at the close of business on 12, June 2007.

INCORPORATION AND LEGAL STATUS OF THE COMPANY

The Company was incorporated as a privately owned Company in 1969, and was converted to a Public Limited Liability Company quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The company is domiciled in Nigeria and its shares are listed at the Nigerian Stock Exchange (NSE).

THE DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 5.

Dr. Samaila Kewa, was appointed to the Board as a Non-Executive Director on 7 March 2007. Mr. Wayne Klahs was appointed as a director on 24 April 2007 and was subsequently appointed Chairman of the Board on 15 May 2007.

RE-ELECTION OF DIRECTORS

In accordance with Article 90/91 of the Company's Article of Association, Chief S. C. Ezendu, Mr. O. T. Adelekan, and Mr. Farrukh Saeed, retire by rotation and being eligible, offer themselves for re-election.

In accordance with Article 95 of the Company's Articles of Association, Dr. Samaila Kewa, being the Director appointed since the last Annual General Meeting, retires, and being eligible, offers himself for re-election.

DIRECTORS' SHAREHOLDING

The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of sections 275 and 276 of the



Companies and Allied Matters Act of 1990 and the listing requirements of the Nigerian Stock Exchange are as follows:

Directors	Total No. of Shares as at 31/12/2006	Total No. of Shares as at 31/12/2005
W. Klahs	-	-
R.H. Halfhuid	-	-
S. C. Ezendu (Indirect holdings)	116,229	139,129
O. T. Adelekan	27,596	27,596
Farrukh Saeed	-	-
J. Passmore	-	-
C. O. Akpangbo (SAN) (deceased)	68,972	67,472
G. M. Desamours	-	-
O. M. Cardoso	-	-
S. Kewa	-	-

DIRECTORS' INTEREST IN CONTRACT

None of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act 1990 of any direct or indirect interest in any contract or proposed contract with the company.

MAJOR SHAREHOLDING

According to the Register of members as at 31st December, 2006, apart from a subsidiary of Chevron Corporation, which has 152,393,190 ordinary shares of 50 kobo each, representing 60% of the company's issued share capital, no other shareholder holds more than 10% of the issued share capital of the company as at December 31, 2006.

ANALYSIS OF SHAREHOLDING

According to the Register of members at 31 December 2006, the spread of shareholding in the company was as follows:

Number of holding Local shareholders:	Number of shareholders	Number of shares held	Percentage of shareholding
1 - 500	7,850	1,910,525	0.8%
501 - 1,000	3,872	2,905,525	1.1%
1,001 - 5,000	10,065	23,523,954	9.3%
5,001 - 50,000	2,972	35,925,922	14.1%
50,001 - 100,000	107	7,394,612	2.9%
100,001 - 500,000	95	17,406,481	6.9%
500,001 - 1,000,000	11	7,998,245	3.1%
1,000,001 - 10,000,000	2	4,530,218	1.8%
Sub-Total	24,974	101,595,482	40.0%
Foreign shareholders			
10,000,001 - 253,988,672	1	152,393,190	60%
	<u>24,975</u>	<u>253,988,672</u>	<u>100%</u>

**HIV/AIDS AND EMPLOYMENT POLICY**

Chevron Corporation launched a non-discriminatory HIV/AIDS policy in 2006. This has been deployed in 2006. Employees are retrained on HIV/AIDS awareness, the training has been fully deployed to all managers and supervisors. The remaining employees will be trained in 2007. Chevron Oil Nig. PLC does not conduct pre-employment HIV testing. Any employee who becomes ill with HIV is treated like any other employee with life-threatening illness and given all the support he/she requires.

The company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

COMMUNITY ENGAGEMENT: (Contributions and Charitable Donations)

The company, being a responsible corporate citizen responsive to communal challenges, made the following donations and charitable gifts during the year:

	₦
Contribution to Arrive Alive Road Safety Initiative (AARSI)	12,855,000
Water borehole & accessories (Orji Community, Owerri)	1,450,000
Water borehole & accessories (Ajiran Community, Lekki, Lagos)	1,400,000
Water borehole and accessories (Pege Community, FCT, Abuja)	1,625,000
Donations: (Pacelli School for the Blind)	100,000
(SOS, Children's Village, Isolo, Lagos)	100,000
(British International School, Lekki)	100,000
(Education as A Vaccine Against Aids, Abuja)	300,000
(Holy Family Home for the Elderly, Mushin)	150,000
(Poorest of the Poor, Abuja)	100,000
(Our Lady of Mercy Home, Port Harcourt)	100,000
TOTAL	18,280,000

EMPLOYEES HEALTH, SAFETY AND ENVIRONMENT

Chevron Corporation and by extension its downstream company in Nigeria, Chevron Oil Nigeria Plc, places great emphasis on safety of our operations and employees personal safety. Meeting our stakeholders' expectation through clean, safe, and reliable operations, being in the hearts and minds of our customers is paramount. Running a profitable but unsafe operation is unacceptable; in other words, for us safety counts before profit. This is amply demonstrated in the company's slogan of, "Do it safely, or not at all", and the goal of Zero incident, Zero injury. To achieve this, the company continues to emphasize various measures that will ensure efficiency of operations in all that we do. These include, amongst others, the Arrive Alive Road Safety Initiative, Loss Prevention System (LPS), Operational Excellence (OE), and the Sarbanes Oxley (SOX) and other compliance assessments and surveys.

The company has made safety top priority, so much so that each employee has a committed personal safety plan, which forms part of his/her performance evaluation/appraisal process.

This safety awareness extends to our retailers, contractors and motor vehicle safety through intensive training organized by the company. To ensure the total involvement of our employees and contractors, the company has put in place, a recognition mechanism, with certificate/cash award as a key motivator for safety ambassadors.



Our commitment to environmental protection is demonstrated by the continuation of the replacement of underground fuel storage tanks at our retail outlets across the country with double steel wall tanks to guard against underground leakages.

The company runs a modern clinic at our head office, and Apapa Terminal, which provides out patient medical treatment for our employees and their dependants, and we have in place arrangement with carefully screened selected private hospitals countrywide to provide in-patient medical assistance to employees.

2006 COMMUNITY ENGAGEMENT

A. Donations:



Above, Company Representatives present cheques. Left: to Administrators of the Pacelli School for the Blind in Surulere, Lagos; Centre to A Representative of the SOS Children's Village, Isolo and Right, to the Acting Principal of British International School, Lekki., Lagos.

B. Water Borehole



Orji Community, Owerri.



Ajiran Community, Lekki, Lagos.

CORPORATE GOVERNANCE

The Company is committed to the highest standards of corporate governance in all areas of its operations. Before now, the company has been adhering strictly to the implementation of the Sarbanes Oxley (SOX) Act enacted in the United States which set the standard for corporate governance. The company also has a strong Corporate Compliance team which ensures that the foreign corrupt practices act, Business Conducts and Ethics Codes and other compliance issues are strictly observed by all employees.

In addition, the Board in line with the Securities and Exchange Commission's directive concerning strict adherence to the ethics of corporate governance in Nigeria recently set up three additional sub-committees of the Board to compliment the already existing **Audit Committee**. The committees are:



1. Board Nomination and Corporate Governance
2. The Human Resource Committee
3. The Strategic Planning and Finance Committee

Each of these committees is headed by a non-executive director.

INFORMATION TECHNOLOGY UPGRADES

The company stepped up efforts in the provision and upgrade of its information technology infrastructure to more field locations thereby making for on line, real time monitoring of field transactions from the head office. Six new VSAT sites, each connecting directly to Chevron network were installed at the following locations: NNPC depot, Ibadan; the company's warehouses at Kaduna, Port Harcourt, and Warri; and the Aviation facilities at Ikeja and Kano.

ORGANIZATIONAL CAPACITY

Building organizational capability is the path to achieving a world class work force. Over the past one year, we have filled identified skills' gaps with talented new employees. We remain unrelenting in exposing our employees to conferences and trainings to build our capacity to excel in the competitive environment. The Company had several training programs for its entire workforce during the year. One of such courses was the **Supervisors Essentials Workshop** - a 4-day practical learning workshop that helps supervisors and team leaders understand Chevron's expectations of them as leaders. The workshop provides participants an opportunity to discuss Chevron culture and values, as well as to develop and practice skills related to Dynamic leader competencies.

APPOINTMENTS AND PROMOTIONS

The company continues to reward diligent employees. In 2006 several employees were elevated to various higher salary grades. The company employed an additional 14 employees into Marketing, Commercial & Industrial, Logistics and Health, Environment and Safety to strengthen our operations in these areas.

Our new policy is to search and recruit the brightest/best employees into the organization as well as strive to retain them for future growth and continuity of the company's operations. The Company will continue to identify and reward positive contributions by our employees who excel in their various functional areas.

STAFF STRENGTH

As at December 31, 2006, the company's workforce totaled 258. This number included expatriates.

AUDITOR

The company's auditor, PricewaterhouseCoopers, continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act 1990.

BY ORDER OF THE BOARD

U. C. IFEJIKI (MRS)

Company Secretary

Registered Office
8, Macarthy Street
Lagos.



statement of directors' responsibilities

The Companies and Allied Matters Act 1990 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- (a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act 1990;
- (b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) prepares its financial statements using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Nigerian Accounting Standards and the requirements of the Companies and Allied Matters Act 1990.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Mr. W. Klahs

Mr. R. Halfhuid

15 May, 2007



report of the audit committee

TO THE SHAREHOLDERS OF TEXACO NIGERIA PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act 1990, we have reviewed the audited financial statements of the company for the year ended 31 December 2006 and report as follows:

- (a) The accounting and reporting policies of the company are consistent with legal requirements and agreed ethical practices
- (b) The scope and planning of the external audit was adequate
- (c) The company maintained effective systems of accounting and internal controls during the year
- (d) The company's management has adequately responded to matters covered in the management reports issued by the external auditors.

TUNJI IJAIYA

Chairman – Audit Committee

16 May, 2007

Members of the Audit Committee

1. Alhaji T. Ijaiya
2. Mr. V. N. Okongwu
3. Mr. Isiaka Saliu
4. Chief S. C. Ezendu
5. Mr. O. T. Adelekan
6. M. O. Cardoso

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CHEVRON OIL NIGERIA PLC

Report on the financial statements

We have audited the accompanying financial statements of Chevron Oil Nigeria Plc for the year ended 31 December 2006, set out on pages 18 to 34.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

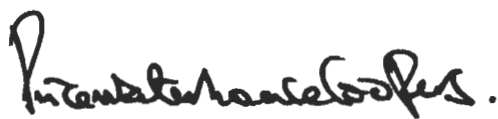
Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2006 and of its profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act 1990.

Report on other legal requirements

The Companies and Allied Matters Act 1990 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account.



Chartered Accountants
Lagos, Nigeria

15 May 2007




**profit and loss account**


	Notes	Year ended 31 December	
		2006 ₦'000	2005 ₦'000
Turnover	1	65,914,443	51,942,270
Cost of sales		(60,118,602)	(46,791,745)
Gross profit		5,795,841	5,150,525
Other income		201,194	133,875
Selling and distribution costs		(1,332,480)	(1,069,778)
Administrative expenses		(1,369,945)	(1,339,352)
Other operating expenses		(1,551,485)	(1,233,442)
Operating Profit	2	1,743,125	1,641,828
Finance income	4	109,227	138,075
Profit before income tax		1,852,352	1,779,903
Income tax expense	5	(539,705)	(734,277)
Profit for the year		1,312,647	1,045,626
Earnings per share (Naira)			
Basic and dilutive earnings per share	6	5.17	4.12
Dividends:			
Proposed dividend for the year	7	1,300,422	1,041,354
Proposed dividend per share (Naira)	7	5.12	4.10



	Notes	Year ended 31 December	
		2006 N'000	2005 N'000
Non-current assets			
Property, plant and equipment	10	3,951,386	3,620,662
Current assets:			
Stocks	11	3,291,133	2,496,398
Receivables and prepayments	12	5,148,120	3,389,199
Cash and cash equivalents	13	4,785,615	4,766,062
		<u>13,224,868</u>	<u>10,651,659</u>
Current liabilities			
Payables and accrued expenses	14	12,027,331	9,088,028
Current income tax	5	680,914	640,705
Dividends payable		-	380,406
		<u>12,708,245</u>	<u>10,109,139</u>
Net current assets		<u>516,623</u>	<u>542,520</u>
Total assets less current liabilities		<u>4,468,009</u>	<u>4,163,182</u>
Non-current liabilities			
Deferred income tax	15	257,187	382,352
Retirement benefits obligation	16	824,363	665,664
		<u>1,081,550</u>	<u>1,048,016</u>
Net assets		<u>3,386,459</u>	<u>3,115,166</u>
Capital and reserves			
Share capital	8	126,994	126,994
Retained earnings	9	1,959,043	1,946,818
Proposed dividends	9	1,300,422	1,041,354
		<u>3,386,459</u>	<u>3,115,166</u>

The financial statements on pages 18 to 34 were approved for issue by the board of directors on 15th May, 2007 and signed on its behalf by:


Mr. W. Klahs


Mr. R. Halfhuid



	Notes	Year ended 31 December	
		2006 ₦'000	2005 ₦'000
Operating activities			
Cash generated from operations	19	2,992,834	(352,882)
Income taxes paid	5	(624,665)	(549,534)
Severance benefit paid	16	(5,550)	-
Net cash from operating activities		<u>2,362,619</u>	<u>(902,416)</u>
Investing activities			
Purchase of property, plant, and equipment	10	(1,032,592)	(971,530)
Disposal of property, plant, & equipment		2,059	17,087
Interest received		109,227	138,075
Net cash used in investing activities		<u>(921,306)</u>	<u>(816,368)</u>
Financing activities			
Dividends paid		(1,421,760)	(381,560)
Net cash used in financing activities		<u>(1,421,760)</u>	<u>(381,560)</u>
Increase in cash and cash equivalents		<u>19,553</u>	<u>(2,100,344)</u>
At start of year		4,766,062	6,866,406
Increase		19,553	(2,100,344)
At end of year	13	<u>4,785,615</u>	<u>4,766,062</u>

**statement of accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigeria Naira (N), rounded to the nearest thousand, and prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(b) Revenue recognition

Sales of goods are recognized in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Sales of services are recognized in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts.

Interest income is recognized on a time proportion basis using the effective interest method.

(c) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into the functional currency, Nigeria Naira, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(e) Property, plant and equipment

All categories of property, plant and equipment are recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

**statement of accounting policies contd.**

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	10 years
Plant and machinery	10 years
Furniture, fittings and office equipment	5 years
Computer and household equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

(h) Employee benefits

The company operates a defined contribution retirement benefit scheme and a defined benefit service gratuity scheme for its employees. A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The new Pension Reform Act of 2004 governs our employee pension benefits.

The company's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate.

**statement of accounting policies contd.**

The liability recognized in the balance sheet in respect of the defined benefit service gratuity scheme is based on the numbers of years worked by the employees and their respective compensation at the year end.

(i) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profits.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

(j) Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are declared.

(k) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



	2006 N'000	2005 N'000
1 Analysis of turnover		
Fuels	63,686,187	49,998,249
Lubricants and greases	2,227,624	1,943,256
Others	632	765
	<u>65,914,443</u>	<u>51,942,270</u>

2 Operating profit

The following items have been charged/(credited) in arriving at operating profit:

	2006 N'000	2005 N'000
Depreciation of property, plant and equipment (Note 10)	692,243	570,505
Auditors' remuneration	8,400	7,400
Staff costs (Note 3)	950,706	848,580
Receivables – provision for bad and doubtful debts	95,714	(13,416)
(Gain)/loss on disposal of property, plant and equipment	7,566	(17,088)

3 Staff numbers and costs

The average number of persons, excluding directors, employed by the company during the year was as follows:

	2006 Number	2005 Number
Administration	50	65
Technical and production	55	31
Operation and distribution	69	61
Sales and marketing	84	87
	<u>258</u>	<u>244</u>

The total employee benefits expense in the year comprise the following:

	2006 N'000	2005 N'000
Wages and Salaries	693,190	527,528
Other pension costs	219,555	241,572
Employee benefits	37,961	79,480
	<u>950,706</u>	<u>848,580</u>

The following items are included within retirement benefits costs:

- Defined contribution scheme	47,043	36,817
- Service gratuity scheme (Note 16)	164,250	196,627
- National Social Insurance Trust Fund	8,262	8,128
	<u>219,555</u>	<u>241,572</u>



The table below shows the numbers of employees, other than employees who discharged their duties wholly or mainly outside Nigeria, who earned over N210,000 in the year.

	2006 Number	2005 Number
200,000 – 300,000	-	2
300,001 – 400,000	-	-
400,001 – 500,000	-	-
500,001 – 600,000	-	2
600,001 – 700,000	-	-
700,001 – 800,000	5	3
800,001 – 900,000	3	4
900,001 – 1,000,000	15	12
1,000,001 – 2,000,000	125	135
2,000,001 – 3,000,000	60	58
3,000,001 – 4,000,000	35	21
4,000,001 – 5,000,000	5	3
5,000,001 – 6,000,000	5	3
6,000,001 – 7,000,000	3	-
7,000,001 – 8,000,000	2	1
	<u>258</u>	<u>244</u>

4 Finance income

	2006 N'000	2005 N'000
Interest on short term deposit	109,227	138,075
	<u>109,227</u>	<u>138,075</u>

5 Income tax expense

Income tax	611,075	565,649
Education tax	53,795	57,330
Deferred income tax (Note 17)	(125,165)	111,298
Income tax expense	<u>539,705</u>	<u>734,277</u>



The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2006 N'000	2005 N'000
Profit before income tax	1,852,352	1,779,902
Tax calculated at the statutory income tax rate of 30%	555,706	533,971
Education tax	53,795	57,330
Tax effect of:		
Expense not deductible for tax purposes	-	106,519
(Over)/under-provision of deferred tax in prior years	(69,796)	36,457
Income tax expense	539,705	734,277

The movement in the tax payable balance during the year is as follows:

	01.01.2006 N'000	Charged To P/L N'000	Paid in the year N'000	31.12.2006 N'000
Current income tax	581,490	611,079	(565,450)	627,119
Education tax	59,215	53,795	(59,215)	53,795
	<u>640,705</u>	<u>664,874</u>	<u>(624,665)</u>	<u>680,914</u>

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year

	2006 N'000	2005 N'000
Profit for the year attributable to shareholders (thousand naira)	1,312,647	1,045,626
Weighted average number of ordinary shares in issue (thousand naira)	253,989	253,989
Basic earnings per share (Naira)	5.17	4.12

7. Dividends per share

At the annual general meeting to be held on 27 June, 2007, a dividend in respect of the year ended 31 December 2006 of ₦5.12 (2005: ₦4.10) per share amounting to a total of ₦1,300,422,999 (2005: ₦1,041,354,000) is to be proposed.

Payment of dividends is subject to withholding tax at a rate of 10%.



10 Property, plant and equipment

	Leasehold land & buildings N'000	Plant, equipment, furniture & fittings N'000	Automotive equipment N'000	Capital work in progress N'000	Total N'000
Cost:					
At start of year	1,413,032	3,181,913	1,234,454	577,033	6,406,432
Additions	48,516	-	-	984,076	1,032,592
Transfers	113,167	487,949	27,807	(628,923)	-
Disposals	(1,337)	(166,667)	(22,939)	-	(190,943)
At end of year	<u>1,573,378</u>	<u>3,503,195</u>	<u>1,239,322</u>	<u>932,186</u>	<u>7,248,081</u>
Depreciation:					
At start of year	354,293	2,001,456	430,021	-	2,785,770
Charge for the year	130,644	325,116	236,485	-	692,245
Disposals	(986)	(157,715)	(22,619)	-	(181,320)
At end of year	<u>483,951</u>	<u>2,168,857</u>	<u>643,887</u>	<u>-</u>	<u>3,296,695</u>
Net Book Value:					
31 December, 2006	<u>1,089,427</u>	<u>1,334,338</u>	<u>595,435</u>	<u>932,186</u>	<u>3,951,386</u>
31 December, 2005	<u>1,058,739</u>	<u>1,180,458</u>	<u>804,432</u>	<u>577,033</u>	<u>3,620,662</u>

11. Inventories

	2006 N'000	2005 N'000
Refined products	1,862,503	1,072,673
Material and supplies	100,954	-
Stock in transit	453,701	-
Packaged products	873,975	1,423,725
	<u>3,291,133</u>	<u>2,496,398</u>

**notes****12. Receivables and prepayments**

	2006 ₦'000	2005 ₦'000
Trade receivables	779,695	1,298,965
Petroleum Equalization Fund (PEF)	1,617,030	765,122
Petroleum Support Fund (PSF)	938,378	-
Other receivables and prepayments	814,127	577,326
Receivables from related companies (Note 20)	998,890	747,786
	<u>5,148,120</u>	<u>3,389,199</u>

13. Cash and cash equivalents

Cash at bank and in hand	2,479,461	1,836,564
Short term bank deposits	2,306,154	2,929,498
	<u>4,785,615</u>	<u>4,766,062</u>

The weighted average effective interest rate on short-term bank deposits at the year-end was 10.75% (2005: 12.21%).

14. Payables and accrued expenses.

	2006 ₦'000	2005 ₦'000
Trade payables	3,888,999	3,278,407
Amounts due to related companies (Note 20)	7,318,881	4,914,274
Other payables and accrued expenses	819,451	895,347
	<u>12,027,331</u>	<u>9,088,028</u>

15. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2005:30%). The movement on the deferred income tax account is as follows:

	2006 ₦'000	2005 ₦'000
At start of year	382,352	271,054
Charge/(credit) to profit and loss account (Note 5)	(125,165)	111,298
At end of the year	<u>257,187</u>	<u>382,352</u>

**notes**

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the profit and loss account, and deferred income tax charge/(credit) in equity are attributable to the following:

	01.01.2006	Charged to P/L	31.12.2006
	₦'000	₦'000	₦'000
Deferred income tax liabilities			
Property, plant and equipment	568,449	(26,411)	542,038
Foreign exchange gain	9,174	(36,134)	(26,960)
	<u>577,623</u>	<u>(62,545)</u>	<u>515,078</u>
Deferred income tax assets			
Provisions	(195,271)	(52,038)	(247,309)
Other deductible temporary differences	-	(10,582)	(10,582)
	<u>(195,271)</u>	<u>(62,620)</u>	<u>(257,891)</u>
Net deferred income tax liability	<u>382,352</u>	<u>(125,165)</u>	<u>257,187</u>

16. Retirement benefit obligations

The movement in the amounts recognised in the balance sheet for service gratuity scheme is as follows:

	2006 ₦'000	2005 ₦'000
At start of year	665,664	472,122
Charge to profit and loss account	164,250	196,627
Payments in the year	(5,550)	(3,085)
At end of year	<u>824,364</u>	<u>665,664</u>

17. Contingent liabilities

- (a) The Company has an agreement with a commercial bank to guarantee car and housing loans to employees to a limit of ₦35,000,000 (2001: ₦35,000,000). The aggregate amount outstanding as at 31 December 2006 under this arrangement was ₦34,993,332 (2005: ₦25,435,498). In the opinion of the Directors no losses are expected under these guarantees.
- (b) The company is a defendant in various legal suits arising in the ordinary course of business. The directors, having taken appropriate legal advice, make necessary provisions based on a realistic appraisal of the likely outcome of the cases.

**notes****18. Commitments****Capital commitments**

Capital expenditure contracted at the balance sheet date but not recognised in the financial statements is as follows:

	2006 N'000	2005 N'000
Property, plant and equipment	255,148	206,691

19. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2006 N'000	2005 N'000
Profit before income tax	1,852,352	1,779,903
Adjustments for:		
Interest income (Note 4)	(109,227)	(138,075)
Depreciation of property, plant and equipment (Note 10)	692,243	570,505
(Profit)/loss on sale of property, plant and equipment	7,566	(17,088)
Changes in working capital:		
- receivables and prepayments	(1,772,402)	599,626
- inventories	(794,735)	(233,820)
- payables and accrued expenses	2,952,787	(3,107,475)
- retirement benefit obligations	164,250	193,542
Cash generated from operations	2,992,834	(352,882)

20. Related party transactions

The company is a subsidiary of Chevron Nigeria Holdings Limited, Bermuda incorporated in the United States of America. The ultimate parent of the company is Chevron Corporation, incorporate in the United of America. There are other companies that are related to Chevron Oil Nigeria Plc through common shareholdings or common directorships.

i) The company had the following significant transactions with related parties during the year:

- (a) The company has an approved and registered technical services agreement with its parent company, ChevronTexaco Africa Holdings Limited for provision of technical and finance support services in the areas of research and development, operations management, marketing, information technology and personnel training. The Company pays 1.5% of its net turnover plus \$1,000,000 per annum to the parent company as technical fees for these services.
- (b) The company purchases certain supplies and products such as fuels, base oils, additives, pumps, and spare parts through a related company, Chevron Products Company.
- (c) The sales proceeds for some marine customers are collected by Fuel and Marketing Limited on behalf of the company.



ii) Outstanding balances arising from sale and purchase of goods/services

	2006 ₦'000	2005 ₦'000
<u>Receivable from related parties</u>		
Chevron Nigeria Limited	676,641	575,631
Fuel and Marine Marketing	8,634	23,163
Other related parties	313,616	149,019
	<u>998,891</u>	<u>747,813</u>
<u>Payables to related parties</u>		
Texaco Overseas Holdings Inc.	1,474,806	667,625
ChevronTexaco Global Trading	5,285,190	2,402,759
Other related parties	558,885	1,843,890
	<u>7,318,881</u>	<u>4,914,274</u>
iii) Directors' remuneration		
Fees for services as non-executive directors	2,849	460
Others	36,986	30,426
	<u>39,835</u>	<u>30,886</u>
The emoluments (excluding pension contributions) of the chairman of the board of director	<u>-</u>	<u>-</u>
The emoluments of the highest paid director	<u>16,374</u>	<u>11,416</u>

**value added statement**

	2006		2005	
	₦'000	%	₦'000	%
Turnover	65,914,443		51,942,270	
Bought in materials and services				
- Local	(39,952,852)		(40,064,269)	
- Imported	(22,411,268)		(8,623,546)	
	<u>3,550,323</u>	<u>97</u>	<u>3,254,455</u>	<u>96</u>
Finance income	<u>109,227</u>	<u>3</u>	<u>138,075</u>	<u>4</u>
Value added	<u><u>3,659,550</u></u>	<u><u>100</u></u>	<u><u>3,392,530</u></u>	<u><u>100</u></u>
Applied as follows:				
Staff salaries, wages and benefits	1,114,956	30	1,042,122	30
Maintenance of assets	692,242	19	570,505	17
Government taxes	539,705	15	734,277	22
Dividends to shareholders	1,300,422	36	1,041,354	31
Retained earnings	<u>12,225</u>	<u>0</u>	<u>4,272</u>	<u>0</u>
	<u><u>3,659,550</u></u>	<u><u>100</u></u>	<u><u>3,392,530</u></u>	<u><u>100</u></u>

**five-year financial summary**

	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
Financial results					
Turnover	65,914,443	51,942,270	42,391,492	32,679,321	26,977,452
Gross profit	5,795,841	5,150,525	4,291,440	4,055,779	3,561,302
Net operating expenses	(4,052,716)	(3,508,697)	(3,268,340)	(3,601,721)	(2,142,218)
Operating profit	1,743,125	1,641,828	1,023,100	454,058	1,419,084
Finance income	109,227	138,075	291,315	267,100	134,482
Profit before tax	1,852,352	1,779,903	1,314,415	721,158	1,553,566
Tax expense	(539,705)	(734,277)	(489,969)	(270,769)	(540,317)
Profit for the year	1,312,647	1,045,626	824,446	450,389	1,013,249
Earnings per share (Naira)	5.17	4.12	3.25	1.77	3.99
Dividends per share (Naira)	5.12	4.10	3.00	-	2.99
Financial position					
Capital employed					
Share capital	126,994	126,994	126,994	90,710	90,710
Retained earnings	1,959,043	1,946,818	1,942,546	1,916,353	1,465,964
Proposed dividends	1,300,422	1,041,354	761,966	-	-
Shareholders' funds	3,386,459	3,115,166	2,831,506	2,007,063	1,556,674
Represented by:					
Property, plant and equipment	3,951,386	3,620,662	3,219,636	2,600,906	2,559,923
Current assets	13,224,868	10,651,659	13,117,811	10,339,438	6,442,569
Current liabilities	(12,708,245)	(10,109,139)	(12,762,765)	(10,242,447)	(6,584,756)
Non-current liabilities	(1,081,550)	(1,048,016)	(743,176)	(690,834)	(861,062)
Net assets	3,386,459	3,115,166	2,831,506	2,007,063	1,556,674
Net assets per share (Naira)	13.33	12.45	8.15	7.90	6.13



LAGOS HEADQUARTERS

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SOUTHWEST DISTRICT'S WAREHOUSE

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Alapere, KETU
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SOUTHEAST DISTRICT'S WAREHOUSE

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NORTH DISTRICT'S WAREHOUSE

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KANO AVIATION

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